

BEFORE THE IDAHO BOARD OF TAX APPEALS

TTLB CONSOLIDATED,)	
)	
Appellant,)	APPEAL NOS. 14-A-1143 &
)	14-A-1144
v.)	
)	FINAL DECISION
TWIN FALLS COUNTY,)	AND ORDER
)	
Respondent.)	
)	
)	
)	

COMMERCIAL PROPERTY APPEALS

These appeals are taken from decisions of the Twin Falls County Board of Equalization denying protests of valuation for taxing purposes of property described by Parcel Nos. RPT0354001003BA and RPT0351001003BA. The appeals concerns the 2014 tax year.

Following a consolidation, these matters came on for hearing November 5, 2014 in Twin Falls, Idaho before Hearing Officer Cindy Pollock. Board Member David Kinghorn was present for hearing. Owner Loren Baker represented Appellant at hearing. Assessor Gerry Bowden represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market value of two (2) commercial properties.

The decision of the Twin Falls County Board of Equalization on Parcel No. RPT0354001003BA is affirmed; Parcel No. RPT0351001003BA is modified.

FINDINGS OF FACT

On a combined basis, subjects consist of 1.677 acres in Twin Falls, Idaho improved with two (2) buildings built in 1997. Both buildings are situated on Parcel No. RPT0351001003BA and have a combined size of 17,048 square feet. One (1) building has a large upstairs area that was originally intended for storage. Both parties noted the subject property and its uses were

unique. They agreed the functional use and rental of the upstairs area was limited by the stairway access and no restrooms. The property was variously described by the parties as shop space, storage, and a car wash. Parcel No.RPT0354001003BA consists of about 20,000 square feet of asphalt paved parking and some excess land.

Both parties valued the two (2) subject parcels as a single unit, and assigned the following values to the respective parcels.

Appeal No. / Parcel No.	Respondent	Appellant
14-A-1143 / RPT0354001003BA	\$113,373	\$113,373
14-A-1144 / RPT0351001003BA	<u>\$760,445</u>	<u>\$651,627</u>
Total	\$873,818	\$765,000

Appellant paid \$765,000 for both subject parcels in August of 2013. Reportedly the sale followed a four (4) year listing at \$900,000. Since the time of sale, a new car wash has opened which competes for business with the subject car wash. The recent sale price for subjects is the chief basis for Appellant's value claim. In discussing subjects' use, Appellant shared some information associated with past and current rental rates and the length of time tenants had kept their occupancy at subjects.

Respondent reviewed its consideration of the recent subject sale, outlining the multiple transfers of subject in the last few years. One (1) transfer was an auction pursuant to foreclosure. Respondent believed the 2013 sale price may not be indicative of full market value. Accordingly, Respondent gave no consideration to the sale price. Respondent also reviewed its visits with subjects' owner as well as its consideration of property inspections. The appraisal of subjects was then reviewed with the cost and income approaches detailed. Most weight (80%) was given to the cost approach which considered the improvements as fair construction

in average condition. In this analysis, functional obsolescence was estimated at 18.75%. The physical depreciation was 18%. The sales comparison approach to value was not processed due to the lack of good comparable sales. In the income approach, the vacancy allowance was 5.53% and the overall capitalization rate was 10.0%.

The following summary of the appraisal reconciliation was provided by Respondent.

Approach	Value of Building	Weighting	Weighted Value
Cost	\$618,841	80%	\$495,073
Market	na	na	na
Income	331,693	20%	<u>66,339</u>
Total Improvement Value			561,411
Land Value			<u>312,407</u>
Total Value			873,818

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques.

There are three (3) approaches to value, the sales discount approach, the cost approach, and the income approach. In a unique way, each approach considers the available information on recent comparable sales. IDAPA 35.01.03.217. The recent, open market sale of the subject property, at arm's-length, can also be considered a good indicator of market value. This can be especially important for a unique property where recent multiple sales of similar property do not exist.

Neither party offered evidence of good comparable sales in this case. The record revealed the subject improvements were somewhat unique. Further, Respondent's processing of the income and cost approaches yielded widely divergent results. The record shows the recent sale of subjects did follow on the heels of a somewhat notable ownership history. This did support some extra scrutiny of the conditions surrounding the sale.

The Board found the sale was at full arm's-length, and according to the record, followed an extensive period of time during which the property was listed for sale. In the Board's judgment these latter points tended to mitigate the concerns raised by the ownership history and possible seller motivation. The Board found the record void of any clear evidence the seller was under special duress. There was no evidence of atypical financing, although the precise financing details and other sale details were not in record. Accordingly, and also for the reason subjects were relatively unique in their development and use, the Board found good cause to give some weight to the sale, but not exclusive weight as advocated by Appellant.

Subjects did not lend themselves fully to an income approach based on market rents. Subject's were in part owner-occupied. Respondent's 20% weighting was found to give due regard to the income approach's strengths and weaknesses. At its core this is an income

producing property and some measure of this should be a material part of the final value conclusion. In reconciling the value indicators, the Board found the final weight given the cost approach should be altered to allow consideration of subjects' recent purchase. The cost approach was noted to accurately reflect subjects' unique development, physical characteristics, and maintained condition. The Board's recalculation of value follows.

Indicator	Value of Building	Weighting	Weighted Value
Cost	\$618,841	50%	\$309,421
Subject Sale ¹	452,593	30%	135,778
Income	331,693	20%	<u>66,339</u>
Total Improvement Value			511,538
Land Value			<u>312,407</u>
Total Value (both subjects)			823,945

The Board, in modifying subjects' total assessed value, will leave in place Respondent's value of \$113,373 for Parcel No. RPT0354001003BA, the parking parcel. Therefore the value for Parcel No. RPT0351001003BA will be decreased to \$710,572. Both parcels' values therefore total \$823,945.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Twin Falls County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED on Parcel No. RPT0354001003BA, and MODIFIED on Parcel No. RPT0351001003BA to reflect a decrease in total value to \$710,572. The indicated decrease on the latter parcel should be understood to apply to the improvements' value, with no change

¹ Adjusted to remove the assessed land values in order to reflect a building residual value.

intended for the land component value.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 12th day of March, 2015.